

CONDENSED LICENSING RULES PUNCH BOARD / PULL-TAB SERVICE BUSINESS

WAC 230-02-205 GAMBLING SERVICE SUPPLIER DEFINED. A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

(e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer; or

(f) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and

(d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed twenty thousand dollars during any calendar year.

WAC 230-02-208 PUNCH BOARD AND PULL-TAB SERVICE BUSINESS DEFINED. "Punch board and pull-tab service business" is defined as a person that provides recordkeeping services for punch board and pull-tab operators for compensation and:

(1) The individuals are not employees of the operator;

(2) The recordkeeping services do not include recommendations or advice of a management nature;

(3) The combined total gross billings for such services during any calendar year does not exceed twenty thousand dollars; and

(4) The records completed are normally the responsibility of the operator. For purposes of this section,

recordkeeping duties that are normally the responsibility of the operator include at least the following:

(a) Reconciling sales, prizes, and cash on hand for punch boards and pull-tab series;

(b) Completing mandatory records required by WAC 230-08-010: Provided, That recordkeeping services provided by a professional accounting business are exempt from these requirements when:

(i) The business performs services other than punch board and pull-tab records for the licensee;

(ii) The business has clients other than punch board and pull-tab licensees; and

(iii) The recordkeeping service only includes transcribing entries from the licensee into the required format; and/or

(c) Storing boards and series removed from play.

WAC 230-04-022 CERTIFICATION PROCEDURE – INFORMATION REQUIRED FROM ALL APPLICANTS.

In addition to other information required by the commission, each applicant shall provide the following information on or attached to the application:

Articles of incorporation and bylaws.

(1) Copy of corporate applicants' articles of incorporation and bylaws; or, if not a corporation, a copy of any bylaws and other documents which set out the organizational structure and purposes of the organization;

IRS tax exemption letter.

(2) A copy of a nonprofit or charitable applicant's Internal Revenue Service tax exemption letter if one has been obtained;

Lease or rental agreements.

(3) Details and copies of all lease or rental arrangements, whether oral or written, between the applicant and the owner of premises upon which the gambling activity will be conducted, if such premises are leased or rented;

Franchise agreements.

(4) Details and copies of any and all franchise agreements or other agreements, whether written or oral, if any, between the applicant and distributors or manufacturers of equipment or between the applicant and any other person where those agreements relate to gambling activities or gambling equipment;

Management agreements.

(5) Details and copies of all proposed management agreements or contracts between the applicant and any gambling service supplier involved in providing services defined in WAC 230-02-205. All such agreements or contracts shall be reviewed by commission staff prior to the effective dates of the agreements to assure compliance with this title. No financing or management services shall be provided prior to commission approval of the contracts;

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Paid employees or agents.

(6) The name, address, date of birth, and Social Security number of each paid employee or agent who will work in the activity for which the license is sought and a schedule of the proposed number of employees, job descriptions, and a proposed pay schedule;

Substantial interest holders.

(7) Sufficient personal information to ensure each substantial interest holder as defined by WAC 230-02-300 is qualified to hold a license or participate in a licensed or authorized gambling activity;

Report changes to application.

(8) If any information required on the application, changes or becomes inaccurate in any way, the commission shall be notified prior to issuance of a license. Failure to notify the commission of any changes affecting an application may constitute grounds for suspension or revocation of all licenses.

Exceptions for cities and towns.

(9) Subsections (1), (2), and (7) of this section shall not apply to applications by or on behalf of an incorporated city or town in the state of Washington.

WAC 230-04-119 LICENSING OF GAMBLING SERVICE SUPPLIERS. Prior to providing any type of gambling related service, a gambling service supplier shall first obtain a license or certification from the commission. The following requirements and restrictions apply to certification and licensing of gambling service suppliers:

License required.

(1) For purposes of this title, a license is required to provide any service related to licensed gambling activities as defined in WAC 230-02-205.

License not required.

(2) A sole owner, partner, major officer and/or owner of a substantial interest in a corporation licensed as a gambling service supplier shall not be required to be additionally licensed as a gambling service supplier representative to perform duties in connection with the gambling service supplier's business. Except as provided in this section, a gambling service supplier shall not employ any unlicensed person to perform duties for which a license is required and shall take measures necessary to prevent an unlicensed person from doing so.

Application for license or certification.

(3) The applicant shall complete the application form supplied by the commission. The applicant shall provide, on the application form or attached thereto, a full description of all services provided or planned to be provided to each licensee of the commission. Such description shall be in writing and include details necessary for commission staff to determine the scope of services provided to each licensee and the responsibilities of each party under the agreement.

Changes to the application.

(4) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form.

Limit of responsibility.

(5) In no circumstance may a gambling service supplier assume ultimate responsibility for a licensee's activity.

License fees.

(6) License fees for gambling service suppliers shall be as set forth in WAC 230-04-203.

Gambling service supplier holding an interest in a pull-tab manufacturer or distributor business.

(7) A licensed gambling service supplier or substantial interest holder thereof that provides services to punch board and pull-tab operators shall not hold a substantial interest in a licensed manufacturer or distributor of punch boards and pull-tabs: Provided, That for purposes of this section only, the director may determine that the spouse of an individual that is a substantial interest holder in a licensed gambling service supplier business will not be considered a substantial interest holder in the gambling service supplier business. In making such a determination, the director will assess the potential for involvement and/or influence in the gambling service supplier business and the manufacturer or distributor business and whether any potential influence is material. The director may impose additional requirements on either the gambling service supplier business and/or the manufacturer or distributor business. Such limitations may include, but are not limited to, prohibiting sales or providing services to an operator by the affected gambling service supplier business, or manufacturer or distributor business. At least the following documents may be considered by the director in a determination of potential influence:

- (a) Community or marital property agreements;
- (b) Separate property agreements;
- (c) Prenuptial agreements; and
- (d) Wills and codicils.

WAC 230-04-133 PUNCH BOARD AND PULL-TAB SERVICE BUSINESS – REGISTRATION REQUIRED – PROCEDURES – RESTRICTIONS. It is in the public's interest to closely control gambling devices and records relating to the operation of a gambling activity. The commission must identify all individuals and businesses that have control over gambling devices, including punch boards and pull-tabs, and all records relating to the operation of gambling activities. Businesses that provide punch board and pull-tab record services, as defined by WAC 230-02-208, shall register with the commission and receive a permit prior to providing services to a licensee. The following procedures and restrictions apply to punch board and pull-tab service businesses:

(1) Each business seeking to register as a punch board and pull-tab service business shall submit a permit

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application on a form provided by the commission. Such application shall be complete in every respect, accompanied by proper fees, and signed by the applicant. The application shall include at least the following:

(a) A complete description of the services provided; and

(b) Personal and criminal history forms for all individuals involved in providing services.

(2) The permit shall be valid for a period not to exceed one year from the date approved.

(3) Any changes in information provided with the application must be submitted to the commission within thirty days of change.

(4) The permit becomes void and the business must apply for a gambling service supplier license to continue providing services if any of the conditions listed below occur:

(a) The nature of the business being provided changes to include services defined in WAC 230-02-205(1); or

(b) The combined total gross billings from providing services exceeds twenty thousand dollars during the permit period.

(5) The permit may be revoked by the director at any time for the following reasons:

(a) Reasons set forth in WAC 230-04-400 or RCW 9.46.075; or

(b) The permit holder has acted with gross negligence or intentionally misstated or manipulated a licensee's records or punch board/pull-tab games; or

(c) Failure to produce an operator's record or copies thereof, or punch board or pull-tab games when requested by a commission agent.

(6) Immediately upon request, a punch board and pull-tab service business shall provide the commission or any of its representatives a complete list of customers and the location where records of each are maintained.

(7) If a punch board and pull-tab service business or associate of such business has any interest in a licensed manufacturer or distributor, they shall inform the commission, any operator to which they provide services, and the manufacturer or distributor of the relationship. The director may restrict the manufacturer or distributor from selling punch boards or pull-tabs to such operator.

(8) Punch board and pull-tab service business permit holders shall follow the records requirements of WAC 230-08-026 (1)(a), (c), (d), (2), and (3). In addition, such businesses shall be familiar with minimum recordkeeping requirements and availability of records for services they provide, including but not limited to WAC 230-08-010, 230-12-010 and 230-30-072.

WAC 230-12-305 LICENSEE REQUIRED TO SUBMIT UPDATED DOCUMENTS OR INFORMATION.

In addition to any other requirements set forth in these rules, the persons licensed by the commission shall be required to submit any changes in the following documents or information on file with the commission:

(1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;

(2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);

(3) All leases, rental, consignment, franchise, or other agreements relating to gambling activities or altering the commercial stimulant business, whether oral or written; and

(4) All loans, from other than recognized financial institutions, which individually or collectively exceed a total of \$2,000.00 during any calendar year.

The new or updated documents and/or information shall be submitted to the commission by notation on the next quarterly activity report filed, and by attaching all details concerning each transaction: Provided, That licensees not required to submit quarterly activity reports shall submit the required information no later than 60 days following the transaction(s) date.

WAC 230-12-310 LICENSEES TO REPORT TO THE COMMISSION CIVIL, CRIMINAL AND ADMINISTRATIVE ACTIONS FILED AGAINST THEM.

(1) Each licensee shall report to the commission within fourteen days, all criminal actions filed against the licensee or the licensee's president, chief executive officer, chairman of the board, treasurer (chief financial officer), partner, person holding a substantial interest or manager of the licensed gambling activity. The final disposition of the case must be attached with the next quarterly activity report filed with the commission. Organizations not required to submit quarterly activity reports shall send the report to the commission within thirty days after the final disposition.

(2) Each licensee shall report to the commission civil and administrative actions filed by or against persons listed in subsection (1) of this section that involve ownership or control of the business, dissolutions, actions significantly affecting business interests, such as patent or copyright infringement and all administrative actions from other gambling regulatory agencies, including those from other countries and Indian tribes. This report shall be attached to the next quarterly activity report filed with the commission. Organizations not required to submit quarterly reports shall send the report to the commission within thirty days of their receipt of notice of the action filed and within thirty days after the final disposition.

(3) The report shall consist of a complete copy of the original documents filed. The licensee shall notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) The director may exempt reporting specific types of civil actions upon written request and for good cause shown.